

Texas Nursing Home Workforce:

A Crisis Affecting the Quality of Long Term Care

Overview

The nursing turnover rate and workforce availability in Texas nursing homes are at crisis levels, and low staffing levels are leading the industry to fall below national averages in survey, quality and staffing measures. A key component of quality care is direct care staff in nursing homes who know, understand and can anticipate the needs of residents, particularly those who require increasingly complex care for debilitating diseases such as dementia, Alzheimer’s, Parkinson’s and cancer. The responsibility for providing 24-hour care requires an environment where direct care staff can notice changes in routines or conditions of individual residents that might provide an early indication of emerging issues.

Texas nursing homes care for more than 92,000 individuals daily and are responsible for employing over 110,000 direct employees statewide. Despite the urgent need to train and retain a qualified long term care workforce in Texas, federal and state reports indicate that dedicated staff are leaving the nursing home industry due to low wages, demanding job responsibilities and an overdemanding regulatory environment. The Texas Center for Nursing Workforce Studies (TCNWS) labeled the hiring of more registered nurses (RNs) for long term facilities an “imperative” for the state. According to a 2016 statewide survey conducted by TCNWS, only 8 percent of respondents within the long term care industry believe there is an adequate supply of nursing personnel (see Figure 1).

Figure 1

Adequate Supply of Nursing Personnel	
Home Health/Hospice	46%
Governmental Public Health	41%
Hospitals	13%
Long Term Care	8%

TCNWS (2016b) found that high “turnover rates can lead to negative outcomes that can affect quality care such as losing experienced staff and increasing the workload and stress levels of existing staff.” In addition, the lack of available staff results in an increased utilization of staffing agencies to temporarily fill vacancies, resulting in an additional cost of approximately \$10 million in Texas (TCNWS, 2016a).

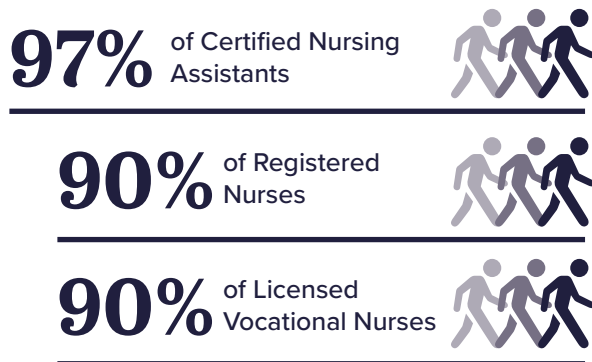
National surveys consistently rank Texas as among the best states for business development and job creation. Yet the nursing home workforce crisis stands in stark contrast to the overall robust Texas economy, where both employment and payrolls, outside of the nursing home industry, are forecast to continue a strong expansion in 2018 (Federal Reserve Bank of Dallas, 2018). Through an analysis of federal and state data and academic studies, this report documents how the workforce crisis negatively affects quality of care for long term care facilities across the state.

State and National Projections of RN, LVN and CNA Supply and Demand

Research, advocacy and consumer groups alike agree that sufficient nursing and direct care staffing is key to providing and maintaining quality care in the nursing home sector. The importance of available and sufficient staff is further supported through the Centers for Medicare & Medicaid Services (CMS) Nursing Home Compare Star

Figure 2

Direct Care Staff Turnover Rates in Texas Nursing Homes



Rating website. A facility’s overall star rating for publicly reported comparative data is determined through staffing, health inspections and quality measures. Being able to recruit and retain the necessary staff is shown to improve quality measures, reduce costs and improve care delivery with improved care continuity (i.e., the same staff taking care of the same residents on a daily basis). While the quality of long term care is getting better across the nation, Texas is struggling.

Recent statistics of turnover rates and employment supply and demand modeling demonstrate the extent of the workforce crisis within the long term care industry. As Figure 2 illustrates, the turnover rates for RNs, licensed vocational nurses (LVNs) and certified nursing assistants (CNAs) are above 90 percent.

Compounding the long term workforce crisis in Texas, the demand for health care workers will outpace supply under current circumstances. The U.S. Bureau of Health Workforce (2017) is projecting a surge of demand for health care workers in Texas. If the current level of health care is maintained, Texas is projected to be one of two states having an RN deficit greater than 15,000 full-time employees (FTEs) and a projected LVN deficit of 33,000 FTEs by 2030.

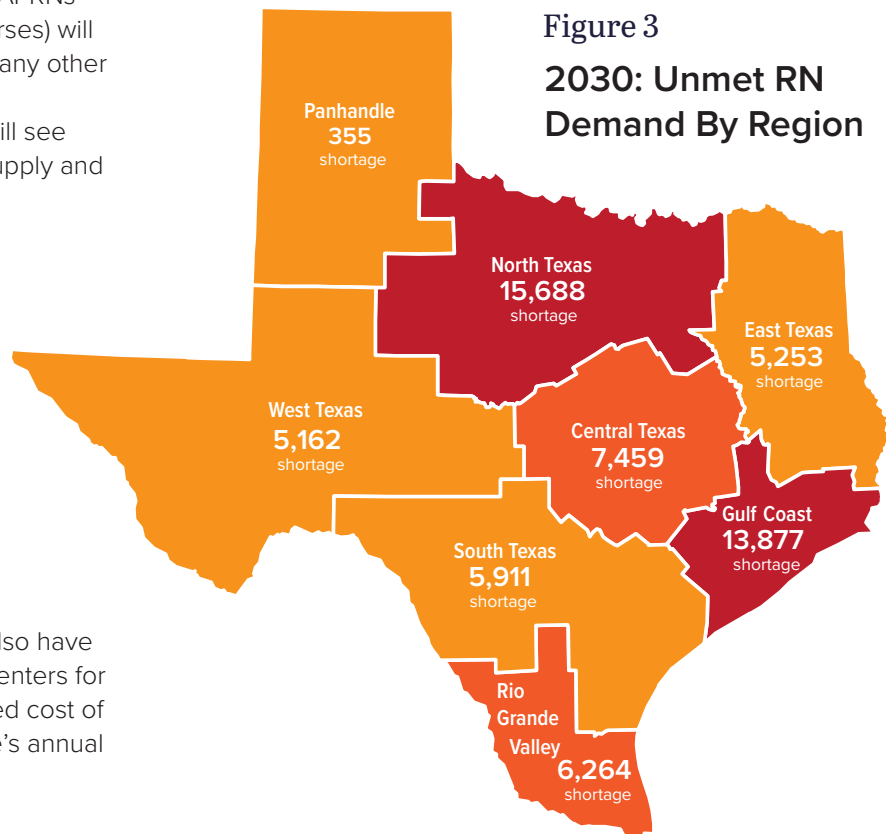
TCNWS modeling further contextualizes the dire situation for Texas:

- By 2030, there will be a shortage of all nurse types in Texas (See Figure 3).
- Demand for nurses in nursing homes, residential care and home health settings is projected to grow at the fastest rates.
- Supply and demand for RNs and APRNs (advanced practice registered nurses) will grow faster in Central Texas than any other region across the state.
- North Texas and the Gulf Coast will see the largest absolute growths in supply and demand across all nurse types.

A further concern from the state-level data is the scope of the shortage across Texas. As Figure 3 demonstrates, the demand for RNs (across all settings) will outpace supply and not be limited to a particular region.

High turnover rates and low workforce retention not only negatively affect quality of care, but also have a financial impact. According to the Centers for American Progress, the average added cost of turnover is 21 percent of an employee’s annual salary.

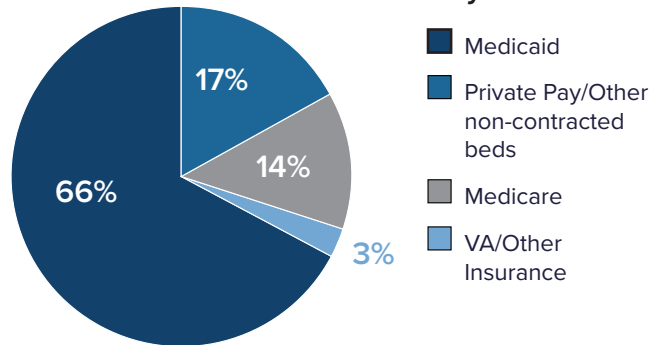
Figure 3 2030: Unmet RN Demand By Region



Medicaid Reimbursement Rate Fails to Cover Costs

The Medicaid reimbursement rate is “the most important factor towards influencing the level of resources available to nursing homes” (Grabowski, 2004, p. 6). A state’s nursing home Medicaid reimbursement rate is important to sustaining quality care because Medicare is not a long-term payer for nursing home stays. Medicaid is often the primary mechanism to fund a resident’s long term care (see Figure 4). A resident who enters a nursing home using his or her own assets will most likely deplete those resources and, eventually, rely on Medicaid.

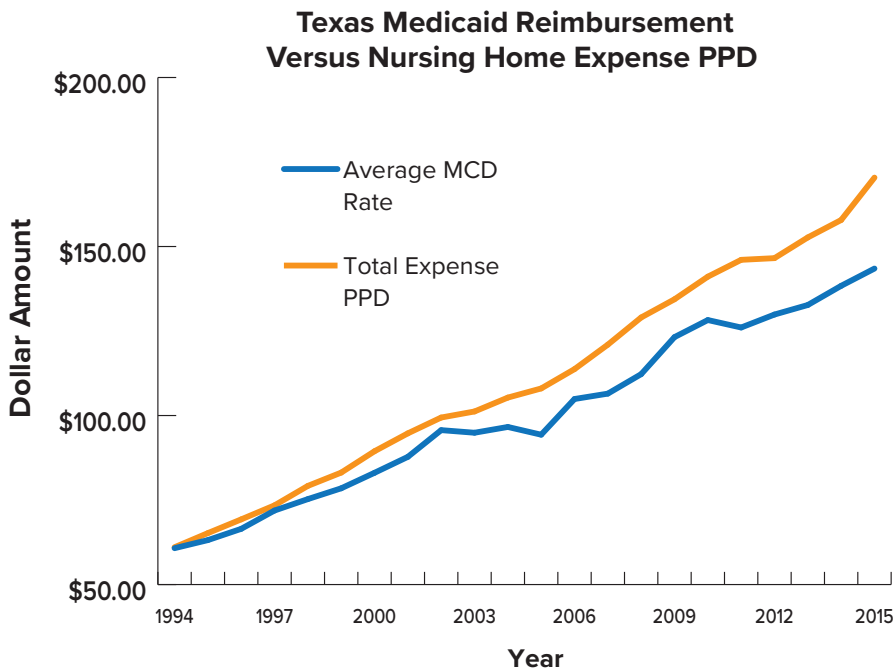
Figure 4



2015 Nursing Facility Days of Service

- Medicaid
- Private Pay/Other non-contracted beds
- Medicare
- VA/Other Insurance

Figure 5



The state of Texas sets the Medicaid reimbursement rate (average MCD) for nursing homes in the state. The rate has been lower than the nursing home cost per resident, per day (total expense PPD) since 1994 (see Figure 5). According to Medicaid Cost Report data, more than 75 percent of the state’s nursing homes report that the Medicaid reimbursement rate does not cover the allowable cost of care for Medicaid residents.

Over time, the gap between Medicaid reimbursement versus nursing home expenses continues to increase, destabilizing the nursing home workforce and inhibiting operators from making much-needed investments in their facilities (Bonadio & Cope, 2016).

Issues Affecting the Long Term Care Workforce Crisis

The workforce crisis is compounded by an overdemanding regulatory environment. As Grabowski (2004) argued, “the nursing home sector is characterized by an extraordinary degree of regulation” (p. 5). On any given day, up to 34 different local, state and federal agencies with authority over licensed nursing homes in Texas may visit a nursing facility. Within this stressful environment, direct care staff are leaving the sector, and nursing homes in Texas are unable to attract and retain a robust workforce, contributing to extremely high rates of nursing staff turnover (see Figure 2) that exacerbate deficiencies across nursing homes. While demand for RNs within nursing homes is growing, their numbers within the facilities are well below the national average (TCNWS, 2016a).

Maintaining adequate staffing is imperative to quality control. Quality care suffers with greater staff turnover, as caregivers are able to secure higher-paying employment and/or less-demanding positions outside of the nursing home environment (Bonadio & Cope, 2016). Studies have linked higher reimbursement rates with not only better care (Grabowski, 2004; Grabowski, Angelelli, Mor, 2004; Hyer, et al., 2013) but also increased staffing levels (Bowblis & Applebaum, 2017). The number of hours that nursing staff spend with residents has a direct correlation to the overall quality of care provided to those residents. In other words, the more time direct care nurses spend with a resident, quality of care outcomes increase.

Figure 6 demonstrates the effect that reimbursement rates can have on the nursing home workforce and quality of care. The Texas Medicaid reimbursement rate is among the lowest in the nation. The states with the highest average Medicaid reimbursement rate also report a higher amount of time RNs and total nurse staffing hours per resident, which includes RNs, LVNs and CNAs, spent caring for residents. This is measured through hours per resident day (HPRD).

Figure 6

Top 5 Average Medicaid Reimbursement*

State and Avg. Medicaid Rate	Adjusted RN/Total Nurse Staffing HPRD**
Alaska \$435.64	1.83 / 6.61
Hawaii \$278.77	1.71 / 4.89
Delaware \$256.69	1.16 / 4.49
North Dakota \$255.26	.85 / 4.51
Maryland \$245.39	.94 / 4.18

Bottom 5 Average Medicaid Reimbursement*

State and Avg. Medicaid Rate	Adjusted RN/Total Nurse Staffing HPRD**
Illinois \$151.99	.94 / 3.78
Missouri \$151.78	.61 / 3.85
Oklahoma \$144.49	.49 / 3.87
Texas \$143.48***	.62 / 3.87
South Dakota \$133.74	.84 / 3.77

*Rate reflects available 2015 & 2016 Medicaid shortfall report data

** 2017 Nursing Home Compare State Avg data

***Rate reflects 2015 Cost Report data provided by HHSC.

Higher reimbursement rates have also been demonstrated to decrease the risk of costly rehospitalizations, which can contribute to ultimately higher Medicaid costs due to Medicaid co-pay for dual eligible patients (Intrator et al., 2007; Intrator & Mor, 2004).

Conclusion

Academic studies have linked a higher Medicaid reimbursement rate to a more robust and stable nursing home workforce, which in turn increases the quality of care in nursing homes and decreases costly rehospitalizations. This report illustrates how a stable workforce can increase quality of care and contribute to greater quality of life for the residents in skilled nursing centers. With a more satisfied, well-trained and committed staff, nursing homes see

increased retention rates, which contribute to better overall performance of the center. The more consistent and dedicated the staff are, the more they understand and are able to effectively respond to each individual's care needs — reinforcing the long term care profession's commitment to delivering person-centered care.

However, a low nursing home Medicaid reimbursement rate in Texas has contributed to a workforce crisis that threatens the delivery of quality long term care in the state. Despite the growing demand for direct care staff, the supply of nurses remains stagnant while the need for nursing staff increases as current professionals leave the industry entirely. According to Texas Health and Human Services Commission (HHSC) data, 50 percent of RNs and 54 percent of LVNs identified as working in a nursing home in 2010 were no longer working in the industry in 2015. The high turnover rate leads to negative outcomes, and recruiting and retaining skilled nursing staff will only become more difficult. The demand for long term care services is expected to continue to grow, as the number of individuals seeking care will double by 2050 (TCNWS, 2016a). The U.S. Department of Health and Human Services cites a number of factors that will significantly affect the supply of and demand for nurses in the future, including the nation's aging population, changes in health care reimbursement and insurance coverage, and health workforce availability.

The nursing home industry is a significant contributor to the state's economy, paying more than \$500 million in state and local taxes and generating \$14.6 billion in economic activity for the state. The Texas economic outlook remains strong, and experts believe the state's employment rolls and subsequent tax base will continue to grow in 2018. Despite the state's economic momentum, the nursing home industry faces significant workforce and financial challenges, while they strive to meet and exceed care delivery expectations. In fact, recent facility closures in Brenham, Dallas and San Antonio may suggest that greater challenges lie ahead. Without a significant shift in the state's approach to supporting nursing homes, efforts to improve will fall short and quality of care for senior Texans will worsen.

About THCA

THCA is the leading voice in Texas for long term care and has been since 1950. THCA membership includes both for-profit and non-profit nursing homes, specialized rehabilitation and assisted living facilities.

Bibliography

- American Health Care Association. (2016). Report on shortfalls in Medicaid funding for Nursing Center Care. Prepared by Eljay, LLC & Hansen Hunter and Company, PC.
- The Bonadio Group & COPE Health Solutions (2016). Texas Medicaid Nursing Home Reimbursement and Quality of Care Assessment. Prepared for the Texas Health Care Association.
- Bowblis, J.R. & Applebaum, R. (2017). How does Medicaid reimbursement impact nursing home quality? The effects of small anticipatory changes. *Health Services Research*, 52(5), pgs. 1729-1748.
- Centers for Medicare & Medicaid Services (2014). Cost Reports. Available: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/>
- Federal Reserve Bank of Dallas (2018). Texas Employment Forecast. Available: <https://www.dallasfed.org/research/forecast>
- Grabowski, D.C. (2004). A longitudinal study of Medicaid payment, private-pay price and nursing home quality. *International Journal of Health Care Finance and Economics*, 4, pgs. 5-26.
- Grabowski, D.C., Angelelli, J.J. & Mor, V. (2004). Medicaid payment and risk-adjusted nursing home quality measures. *Health Affairs*, 23(5), pgs. 243-252.
- Hyer, K., Thomas, K., Johnson, C., Harman, J. & Weech-Maldonado, R. (2013). Do Medicaid incentive payments boost quality? Florida's direct care staffing adjustment program. *Journal of Aging & Social Policy*, 25, pgs. 65-82.
- Intrator, O., Grabowski, D.C., Zinn, J., Schleinitz, M., Feng, Z., Miller, S., & Mor, V. (2007). Hospitalization of nursing home residents: The effects of states' Medicaid payment and bed-hold policies. *Health Services Research*, 42(4): 1651-1671.
- Intrator, O. & Mor, V. (2004). Effect of state Medicaid reimbursement rates on hospitalizations from nursing homes. *American Geriatrics Society*, 52, pgs. 393-398.
- Texas Center for Nursing Workforce Studies (2016a). Long Term Care Nurse Staffing Study — Staffing. Available: <https://www.dshs.texas.gov/chs/cnws/Home-Health-and-Hospice-and-Long-Term-Care-Survey-Reports/>
- Texas Center for Nursing Workforce Studies. (2016b). Long Term Care Nurse Staffing Study — Vacancy and Turnover. Available: <https://www.dshs.texas.gov/chs/cnws/Home-Health-and-Hospice-and-Long-Term-Care-Survey-Reports/>
- U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Health Workforce (2018). Long-Term Services and Supports: Nursing Workforce Demand Projections 2015-2030 Available: <https://bhwa.hrsa.gov/sites/default/files/bhwa/nchwa/projections/hrsa-ltss-nursing-report.pdf>
- Glynn, S.J., Boushey, H. (2012). There Are Significant Business Costs to Replacing Employees. Center for American Progress.